

State of Utah

Department of Natural Resources

MICHAEL R. STYLER Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT Acting Division Director JON M. HUNTSMAN, JR. Governor

GARY R. HERBERT Lieutenant Governor

April 6, 2005

Tracy Burnham
Decorative Landscaping
3231 North Millcreek Rd.
Pleasant Grove, Utah 84062

Subject: Acceptance of Notice of Intention to Commence Small Mining

Operations, T & M Holdings Mine, Decorative Landscaping, S/035/023,

Salt Lake County, Utah

Dear Mr. Burnham:

Thank you for your Notice of Intention to Commence Small Mining Operations and \$150.00 permit application fee, received by the Division on March 24, 2005. We have received Utah Division of State History notification that no historic properties are affected by this operation.

The Division finds your application complete and no additional information is required. On April 6, 2005, the Acting Director of the Division of Oil, Gas and Mining formally approved the \$17,000 reclamation surety issued by Capital Community Bank in the form of a Certificate of Deposit. The surety will be reviewed periodically to assure that the bond remains adequate. Copies of the fully signed and executed documents are enclosed for your records.

The Division hereby grants its final acceptance of your small mining notice of intention and the reclamation surety for the T&M Holdings Mine. You may commence with your mining operations as outlined.

The acceptance of this notice and surety is for a small mining operation only, **not to exceed five (5) acres**. You are not authorized to disturb beyond the five acres without first amending your notice, adjusting the bond amount and receiving written acceptance from this office. If you wish to expand to a large mine status, approval could take up to six to twelve months or longer. Please allow the appropriate lead time to complete the permitting.



Tracy Burnham Page 2 of 2 S/035/023 April 7, 2005

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-summary). (The mining rules in their entirety can be obtained at http://www.rules.utah.gov/.) Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5258 or Paul Baker at 538-5261. Best wishes with your new mining venture.

Sincerely,

Susan M. White

Mine Program Coordinator Minerals Regulatory Program

Juran M. White

SMW:pb:jb

Attachment: SMO summary

Enclosure: Copy of RC & surety forms

cc: Blaine Gehring, Bluffdale City w/Encl

O:\M035-SaltLake\S0350023-DecorLandscape\final\finalapvl-04072005.doc

FORM MR-RC Revised January 21, 2005 RECLAMATION CONTRACT

File Number	S/035/023			
Effective Date _	4	اما	05	
Other Agency File N	umbe	er N/A		

Copy

STATE OF UTAH **DEPARTMENT OF NATURAL RESOURCES DIVISION of OIL, GAS and MINING**

1594 West North Temple Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 (801) 538-5291 Fax: (801) 359-3940

RECEIVED

RECLAMATION CONTRACT ---00000---

DIV OF UIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)

(Mineral Mined)

S/035/023

Landscape Rocks

"MINE LOCATION":

(Name of Mine) (Description)

T & M Holdings

½ mile southeast of water treatment plant approximately 3101 West 15601 South

Bluffdale, Utah

"DISTURBED AREA":

(Disturbed Acres) (Legal Description)

five (5)

(Refer to Attachment A)

"OPERATOR":

(Company or Name)

(Address)

Decorative Landscaping

3231 North West Millcreek Road

Pleasant Grove, Utah 84067

(Phone)

(801) 796-7739 - fax: (801) 796-7739

"OPERATOR'S REGISTERED AGENT": Name)	Richard Jaynes, CPA		
(Address)	3651 North 100 East, Suite 300		
(Phone)	<u>Provo, Utah 84604</u> (801) 852-1961		
"OPERATOR'S OFFICER(S)" & TITLE:	Tracy Burnham, Owner		
SURETY":			
(Form of Surety - Attachment B)	Certificate of Deposit		
"SURETY COMPANY": (Name, Policy or Acct. No.)	Capital Community Bank		
"SURETY AMOUNT":			
(Escalated Dollars)	\$17,000		
"ESCALATION YEAR":	2006		
"STATE": "DIVISION": "BOARD":	State of Utah Division of Oil, Gas and Mining Board of Oil, Gas and Mining		
ATTACHMENTS:			

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Decorative Landscaping the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/035/023 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:
 Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention received by the Division on March 24, 2005. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
 Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to

- Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
- Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
- Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

- Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
- 8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
- 9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
- 10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
- 11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
- 12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
- 13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
- 14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:		
Decorative Landscaping Operator Name		
By <u>Tracy Burnham</u> Authorized Officer (Typed or Printed)		
Owner/President Authorized Officer - Position		
Officer's Signature	U/L Date	5/05
STATE OF LITAL) ss:		
On the 5 day of Opril , 2005, personally appeared before me, who being by me duly Ourself Prisident of Illegarative Familiant that said instrument was signed on behalf of said comparesolution of its board of directors and said Trace	pany by a with	d duly acknowledged ority of its bylaws or
acknowledged to me that said company executed the	same.	
Notary Public Residing at Salt Bake City Wash April 4, 2009	1694 W. I	PELLE BURNS PUBLIC - STATE OF UTAH NORTH TEMPLE, STE 1210 AKE CITY, UT 84116 mm. Exp. 04/04/2009
My Commission Expires:		

DIVISION OF OIL, GAS AND MINING:	
By Mary Ann Wright, Acting Director	4/10/05 Date
STATE OF <u>Utal</u> COUNTY OF <u>Salt Bake</u>	_))ss: _)
On the day of April personally appeared before me, who being do Mary Ann Wright is the Actin Mining Department of Natural Resources, St me that she executed the foregoing document of Utah.	g Director of the Division of Oil, Gas and ate of Utah, and she duly acknowledged to
JOELLE BURNS NOTARY PUBLIC - STATE OF UTAH 1594 W. NORTH TEMPLE, STE 1210 SALT LAKE CITY, UT 84116 My Comm. Exp. 04/04/2009	Notary Public Residing at: SC Ut
A	

My Commission Expires:

ATTACHMENT "A"

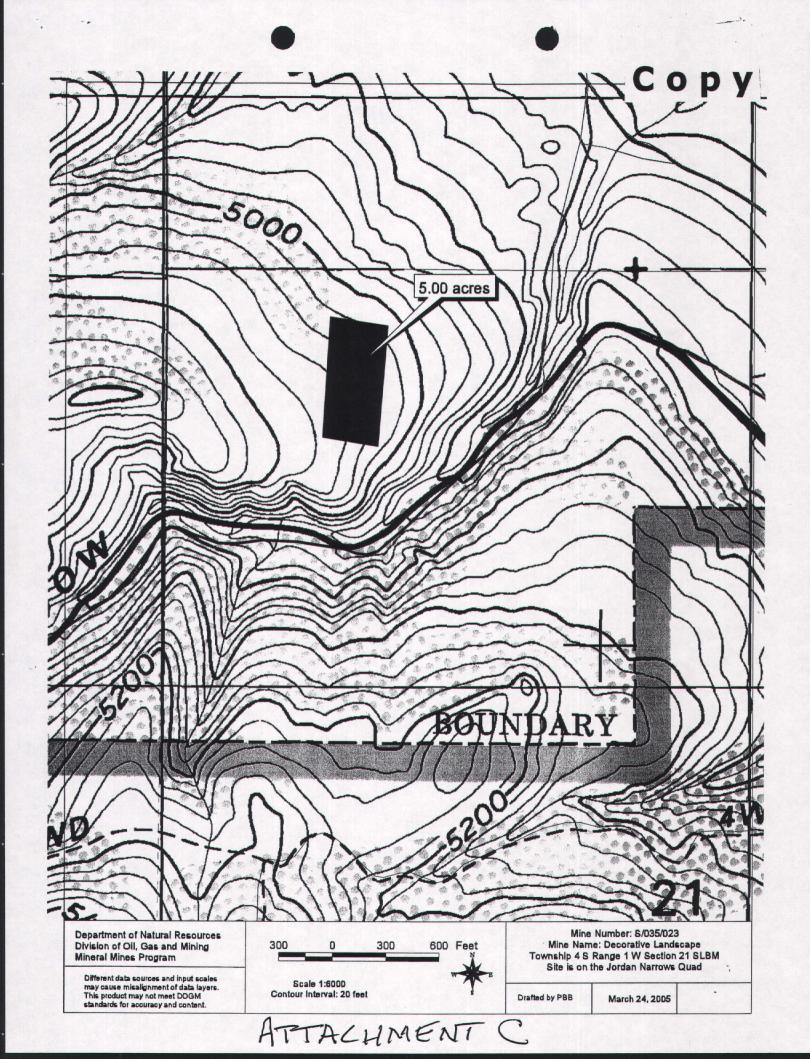
Decorative Landscaping	T & M Holdings		
Operator	Mine Name		
S/035/023	Salt Lake	County, Utah	
Permit Number			

LEGAL DESCRIPTION

Include 1/4, 1/4, sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed <u>five (5)</u> acres under the approved / accepted permit and surety, as reflected on the attached map labeled <u>Attachment C – Decorative Landscape</u> and dated <u>March 24, 2005</u>:

Portions of: E1/2 NW1/4 NW1/4, Section 21 Township 4 South, Range 1 West





State of Utah DEPARTMENT OF NATURAL RESOURCES Division of Oil, Gas & Mining

MICHAEL R. STYLER Executive Director MARY ANN WRIGHT Acting Division Director Copy

March 23, 2005

Capital Community Bank 1909 West State Street Pleasant Grove, Utah 84062

Attention: Linda Matthews, Operations Officer

RECEIVED

MAR 2 4 2005

DIV OF OIL GAS & MINING

Subject: Reclamation Surety, Certificate of Deposit for Decorative Landscaping's T & M Holdings Mine

Site, S/035/023, Salt Lake County, Utah

Certificate of Deposit no. 2; Principal Amount \$17,000.

This letter describes the mutually agreed upon instructions of the below signed parties to Capital Community Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the T & M Holdings mine site ("Mine Site"), Salt Lake County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$17,000 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Decorative Landscaping, a Utah corporation, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person

claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$17,000. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

· trob.	
Date:	4/6/05
Date:	3.23.05
Date:	3-23-05
	Date:

O:\M035-SaltLake\M0350023-DecorLandscape\final\cdcover-ltr.doc

Capital Community Bank

COMFIRMATION OF TIME DEPOSIT

Financial Institution:

Capital Community Pleasant Grove
1909 West State Street, Pleasant Grove, UT 84062



Copy

3123

Account Name: DECORATIVE LANDSCAPING INC/ FBO STATE OF UT DEPT OF SSN/TIN:
NATURAL RESOURCES- DIV OF OIL, GAS & MINING
BUSINESS TYPE: Corporation

Account Number Issue Date Deposit Amount Maturity Date
March 23, 2005 \$17,000.00 April 24, 2006

Rate Information: This Account is an interest bearing account. The interest rate on the account is 3.00% with an annual percentage yield of 3.03%.

The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect until April 24, 2006. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded quarterly and will be credited to the account quarterly. Interest on your account will be credited by adding the interest to the principal. The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. We will use an interest accrual basis of 365 (or 366 in leap year) for each day in the year.

Limitations: You must deposit \$1,000.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature on April 24, 2006. We reserve the right to redeem the account. If you withdraw any of the principal or interest before the maturity date, we will impose a penalty of ninety (90) days' interest on the principal balance in the account. This account will automatically renew. You will have ten (10) days after the maturity date to withdraw funds without penalty. If you do not withdraw the funds, each renewal term will be for an identical period of time as the original term.

Account Fees: The following fees apply to this account: Special Account Research: \$10/hour + \$1/copy; Garnishment/Tax Levy: \$35; Returned Deposited Item: \$3; Cashier's Check, Official Check, Money Order: \$3 (waived for senior citizens); Wire Transfer (outgoing foreign): \$45; Wire Transfer (outgoing domestic): \$15; and Temporary Statement: \$2.

NON TRANSFERABLE - NON NEGOTIABLE

Member Signature and Title of Authorized Financial Institution Signer

TIME DEPOSIT AGREEMENT - TIME DEPOSIT 12-23 MONTHS

We appreciate your decision to open a time deposit account with us. This Agreement sets forth certain conditions, rates, and rules that are specific to your Account. Each signer acknowledges that the Account Holder named has placed on deposit with the Financial Institution the Deposit Amount indicated, and has agreed to keep the funds on deposit until the Maturity Date. As used in this Agreement, the words "you", "your" or "yours" mean the Account Holder(s), the word "Account" means this Time Deposit Account and the word "Agreement" means this Time Deposit Agreement, and the words "we", "us" and "our" mean the Financial Institution. This Account is effective as of the Issue Date and is valid as of the date we receive credit for noncash items (such as checks drawn on other financial institutions) deposited to open the Account. Deposits of foreign currency will be converted to U.S. funds as of the date of deposit and will be reflected as such on our records.

ISSUE DATE. If you open a time deposit account with us after 2:00 PM on a business day that we are open, we will consider that the transaction was made at the opening of the next business day for issue date and effective date purposes.

INTEREST RATE. The interest rate is the annual rate of interest paid on the Account which does not reflect compounding ("Interest Rate"), and is based upon the interest accrual basis described above.

AUTOMATIC RENEWAL POLICY. If the Account will automatically renew as described above, the principal amount and all paid earned interest that has not been withdrawn will automatically renew on each Maturity Date for the term described above in the Time Account Information section. If the deposit term causes the maturity date to fall on Saturday, Sunday, or a holiday, the maturity date will be adjusted to the next business day. Interest on renewed accounts will be calculated at the interest rate then in effect for time deposits of that Deposit Amount and term. If you wish to withdraw funds from your Account, you must notify us during the grace period after the Maturity Date.

EARLY WITHDRAWAL PENALTY. You have agreed to keep the funds on deposit until the Maturity Date of your Account. Any withdrawal of all or part of the funds from your Account prior to maturity may result in an early withdrawal penalty. We will consider requests for early withdrawal and, if granted, the penalty as specified above will apply.

Minimum Required Penalty. If you withdraw money within six (6) days after the date of deposit, the Minimum Required penalty is seven (7) days' simple interest on the withdrawn funds. If partial early withdrawal(s) are permitted, we are required to impose the Minimum Required Penalty on the amount(s) withdrawn within six (6) days after each partial withdrawal. The early withdrawal penalty may be more than the Minimum Required Penalty. You pay the early withdrawal penalty by forfeiting part of the accrued interest on the Account. If your Account has not earned enough interest, or if the interest has been paid, we take the difference from the principal amount of your Account.

Exceptions. We may let you withdraw money from your Account before the Maturity Date without an early withdrawal penalty: (1) when one or more of you dies or is determined legally incompetent by a court or other administrative body of competent jurisdiction; or (2) when the Account is an Individual Retirement Account (IRA) established in accordance with 26 USC 408 and the money is paid within seven (7) days after the Account is opened; or (3) when the Account is a Keogh Plan (Keogh), if you forfeit at least the interest earned on the withdrawn funds; or (4) if the Account is an IRA or a Keogh Plan established pursuant to 26 USC 408 or 26 USC 401, when you reach age 59 1/2 or become disabled; or (5) within an applicable grace period (if any).

RIGHT OF SETOFF. Subject to applicable law, we may exercise our right of setoff or security interest against any and all of your Accounts (except IRA, Keogh plan and Trust Accounts) without notice, for any liability or debt of any of you, whether joint or individual, whether direct or contingent, whether now or hereafter existing, and whether arising from overdrafts, endorsements, guarantees, loans, attachments, garnishments, levies, attorneys' fees, or other obligations. If the Account is a joint or multiple—party account, each joint or multiple—party account holder authorizes us to exercise our right of setoff against any and all Accounts of each Account Holder.

OTHER ACCOUNT RULES. The following rules also apply to the Account.

Surrender of Instrument. We may require you to endorse and surrender this Agreement to us when you withdraw funds, transfer or close your Account. If you lose this Agreement, you agree to sign any affidavit of lost instrument, or other Agreement we may require, and agree to hold us harmless from liability, prior to our honoring your withdrawal or request.

Death of Account Holder. Each Account Holder agrees to notify us immediately upon the death of any other Account Holder. You agree that we may hold the funds in your Account until we have received all required documentation and instructions.

Indemnity. If you ask us to follow instructions that we believe might expose us to any claim, liability or damages, we may refuse to follow your instructions or may require a bond or other protection, including your agreement to indemnify us.

Pledge. You agree not to pledge your Account without our prior consent. You may not withdraw funds from your Account until all obligations secured by your Account are satisfied.